

April 28, 2017

Rating matrix		
Rating	:	Buy
Target	:	₹ 800
Target Period	:	12-18 months
Potential Upside	:	13%

What's changed?	
Target	Changed from ₹ 700 to ₹ 800
EPS CY17E	Changed from ₹ 23.4 to ₹ 21.6
EPS CY18E	Changed from ₹ 26.9 to ₹ 26.7
Rating	Unchanged

Quarterly performance					
	Q1CY17	Q1CY16	YoY (%)	Q4CY16	QoQ (%)
Revenue	205.5	210.1	-2.2	251.2	-18.2
EBITDA	20.3	26.6	-23.8	36.2	-44.0
EBITDA (%)	9.9	12.7	-279 bps	14.4	-455 bps
PAT	13.3	16.8	-20.7	23.0	-42.0

Key financials				
₹ Crore	CY15	CY16	CY17E	CY18E
Net Sales	820.7	817.6	915.5	1,018.7
EBITDA	106.0	99.1	116.5	141.7
Net Profit	68.7	65.3	75.3	93.0
EPS (₹)	19.7	18.8	21.6	26.7

Valuation summary				
	CY15	CY16	CY17E	CY18E
P/E	36.0	37.8	32.8	26.6
Target P/E	40.5	42.6	37.0	29.9
EV / EBITDA	21.2	23.0	19.3	15.8
P/BV	4.1	3.8	3.6	3.3
RoNW (%)	11.4	10.1	10.9	12.3
RoCE (%)	12.8	10.6	11.8	13.6

Stock data	
Particular	Amount
Market Capitalization	₹ 2471.5 crore
Total Debt (CY16)	₹ 5.2 crore
Cash and Investments (CY16)	₹ 202.1 crore
EV	₹ 2274.5 crore
52 week H/L	774 / 542
Equity capital	₹ 34.8 crore
Face value	₹ 10
MF Holding (%)	14.8
FII Holding (%)	3.8

Price performance				
Return %	1M	3M	6M	12M
Kirloskar Brothers	12.4	36.0	48.4	109.3
KSB Pumps	14.1	12.5	22.0	7.4
Roto Pumps	6.5	2.6	-12.0	-0.1
Shakti Pumps	33.6	51.3	67.3	38.6
WPIL	-0.5	15.5	26.9	0.2

Research Analyst	
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KSB Pumps (KSBPUM)

₹ 710

On the brink of commissioning new facility...

- KSB Pumps (KSB) reported a subdued Q1CY17 performance largely tracking a de growth in the pumps segment (down 3% YoY)
- Total standalone revenues came in at ₹ 205.5 crore, down 2.2% YoY
- Standalone EBITDA in Q1CY17 came in at ₹ 20.2 crore (EBITDA margins at 9.9%). Standalone PAT in Q1CY17 was at ₹ 13.3 crore
- At the AGM, KSB guided for early commissioning of its new facility in Satara, which will initially manufacture engineered pumps

IMD predicts normal monsoon at 96% of LPA; KSB to benefit

The Indian Meteorological Department (IMD) has forecast near normal rainfall at 96% of LPA for upcoming monsoon season 2017. According to senior officials at IMD, although there does exist neutral El Niño conditions (30% probability) in the Pacific Ocean, positive dipole movement in the Indian Ocean is expected to counter the Pacific move and result in normal monsoon in 2017. Moreover, rainfall is expected to be healthy and spatially well distributed thereby benefiting the whole of the Indian subcontinent. This may result in robust farm production, consequently, increasing farm income, boosting rural demand, thereby benefiting all farm mechanisation companies, including KSB Pumps.

Union Budget 2017-18 delivers irrigation thrust, KSB set to benefit

Union Budget 2017-18 delivered on its expectations with a clear focus on achieving its vision to double farm income by 2022. Notably, the government also proposed to increase the corpus under Nabard for long term irrigation projects to ₹ 40,000 crore (from ₹ 20,000 crore earlier). Apart from this, a dedicated micro irrigation fund is proposed to be set up with an initial corpus of ₹ 5000 crore. Allocation towards the flagship Pradhan Mantri Krishi Sinchayee Yojana was also increased 28% YoY to ₹ 7377 crore. Higher budgetary spend and implementation of these mega projects bodes well for domestic pump industry including KSB Pumps.

Key AGM takeaway, efficient roadmap laid, execution key

At the AGM, Rajeev Jain who recently took charge as MD, KSB Pumps, outlined a clear roadmap to achieve a CAGR in excess of 10% over the next three years. The thrust of the central government on increasing the penetration of irrigation and incremental capex execution by downstream oil & gas companies for modernisation and upgradation of refineries provides a robust outlook for the engineered pumps segment, which KSB aims to seize. KSB is on the brink of commissioning its new facility, which caters to the domestic high engineered pump market for which it has already bagged nine pump orders with application in super critical power plants. The current order book at KSB is at ~₹ 490 crore (flat YoY), which will be executable over two years giving us sufficient confidence to projects sales to grow at a CAGR of 12.5% in CY16-18E to ₹ 866 core in CY18E (₹ 684 crore in CY16).

Healthy balance sheet; strength to grow, maintain BUY!

KSB has a healthy balance sheet with surplus cash of ₹ 200 crore (CY16). Being present only in the product business (not EPC) it witnessed efficient working capital cycle of ~50 days. It also realises healthy core RoICs of ~20%. On a consolidated basis, we have modelled sales, PAT CAGR of 11.6%, 19.4%, respectively, in CY16-18E. With high skilled technology backing from the parent group i.e. KSB AG and company executing a new capex programme, we believe KSB India is aptly placed to seize demand revival in the domestic capital goods space. We value KSB at 30x P/E on CY18E EPS of ₹ 26.7 and assign a target price of ₹ 800 with **BUY** rating.

Variance analysis

Standalone Numbers	Q1CY17	Q1CY17E	Q1CY16	YoY (%)	Q4CY16	QoQ (%)	Comments
Sales	205.5	228.1	210.1	-2.2	249.5	-17.7	Topline came in muted on the back of marginal de-growth in both the pumps and valves segment to the tune of 3.0% and 0.4%, respectively, on a YoY basis
Other Operating Income	0.0	2.8	0.0		1.7		
Total Operating Income	205.5	230.9	210.1	-2.2	251.2	-18.2	
Total Raw Material Expenses	92.8	108.5	100.2	-7.4	121.4	-23.6	Raw material as a percentage of sales came in lower at 45.2%
Employee Cost	35.4	39.3	33.4	6.1	39.5	-10.3	Employee costs came in at its usual rate of ~17% of sales
Other operating expense	56.9	53.1	49.9	14.2	54.1	5.3	Other expenses were higher at 27.7% of sales
Total Expenditure	185.2	200.9	183.5	0.9	215.0	-13.9	
EBITDA	20.3	30.0	26.6	-23.8	36.2	-44.0	
EBITDA Margin (%)	9.9	13.0	12.7	-279 bps	14.4	-455 bps	EBITDA margins came in lower than our expectations largely on account of weak sales and higher employee & other operating expenses
Depreciation	7.4	8.1	7.1	3.4	7.6	-3.4	
Interest	2.2	0.2	0.5	364.6	1.1	112.4	
Non Operating Expenses							
Other Income	9.6	6.4	7.5	28.9	6.0	60.7	Other income came in higher-than-expected at ₹ 9.6 crore
PBT	20.3	28.0	26.5	-23.3	33.6	-39.4	
Taxes	7.0	9.3	9.7	-27.6	10.6	-33.8	Tax rate came in at usual rate of ~34%
PAT	13.3	18.8	16.8	-20.7	23.0	-42.0	

Key Metrics

Pumps Sales (₹ crore)	174	193	180	-3.0	206	-15.4	Pump sales witnessed de-growth, down 3.0% YoY
Valves Sales (₹ crore)	32	35	32	-0.4	44	-26.7	Valve sales were largely flat, down 0.4% YoY

Source: Company, ICICIdirect.com Research

Change in estimates

Consolidated (₹ Crore)	CY17E			CY18E			Comments
	Old	New	% Change	Old	New	% Change	
Revenues	923.3	922.9	0.0	1,027.0	1,026.9	0.0	Despite the flattish performance in Q1CY17 amid expectations of commissioning of new facility by H2CY17, we have maintained our sales estimates for CY17E & CY18E
EBITDA	122.6	116.5	-5.0	141.7	141.7	0.0	
EBITDA Margin (%)	13.3	12.6	-66 bps	13.8	13.8	0 bps	We have downward revised our margin estimates by 66 bps for CY17E on the back of a weak Q1CY17 while maintaining the same for CY18E
PAT	81.3	75.3	-7.4	93.5	93.0	-0.5	PAT estimates for CY17E largely track the lower margin estimates & CY18E have largely been maintained at the same level
EPS (₹)	23.4	21.6	-7.4	26.9	26.7	-0.5	

Source: Company, ICICIdirect.com Research

Assumptions

	Current				Earlier				Comments
	CY13	CY14	CY15	CY16	CY17E	CY18E	CY17E	CY18E	
Pump Sales	603.4	664.1	673.7	684.1	773.0	865.8	766.2	858.1	We have largely maintained our estimates and expect pumps segment to witness a CAGR of 12.5% in CY16-18E vs. 12.4% earlier
Valve Sales	122.3	128.4	138.2	132.7	139.3	149.7	142.6	153.3	We expect valves segment to witness CAGR of 6.2% over CY16-18E
PAT, MIL Control Valves	9.6	6.6	4.6	4.9	5.4	6.2	5.4	6.2	We expect PAT of MIL Control Valves to grow at a CAGR of 12.5% over CY16-18E

Source: Company, ICICIdirect.com Research

Company Analysis

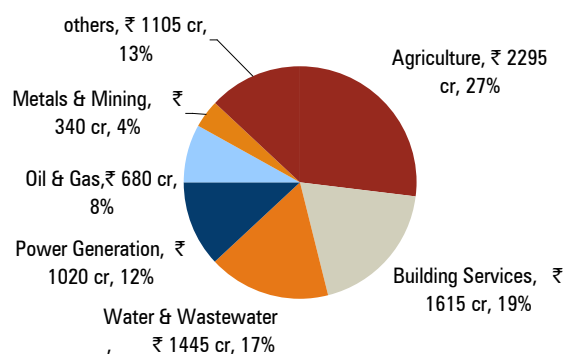
KSB Pumps, promoted by KSB AG (Germany), was established in 1960 and set up a pump manufacturing facility at Pimpri, Pune (Maharashtra). The company has been at the forefront of importing technology from its parent for delivering cutting edge, high quality products in the domestic market. Globally, KSB AG is one of the largest pump manufacturers with sales in excess of €2.2 billion (~US\$2.8 billion) out of the total pump market, which is pegged at US\$47 billion as of 2014. In India, KSB supplies pumps and valves to all major industries viz. power, waste water treatment, irrigation (agriculture), chemicals, etc. KSB's products are used for pumping, transportation and flow control of fluids, which include clean or contaminated water, explosive fluids, corrosive and viscous fluids, slurries and fluid/solid mixtures. In India, the company has a wide distribution network that includes four zonal offices, 15 branch offices, over 800 authorised dealers, four service stations, 110 authorised service centres and 22 warehouses.

Indian pump market on strong footing

As per industry sources, the global pump market size is pegged at US\$47 billion as of 2014 and is expected to reach US\$56 billion in 2017, growing at a CAGR of 6.0% in CY14-17E. The Indian pump market size is pegged at ~₹ 8500 crore as of 2014, wherein a majority of it i.e. ~95% (~₹ 8000 crore) consists of centrifugal pumps (pumps used for increasing the flow rate) while the remaining i.e. 5% (~₹ 500 crore) comprises positive displacement pumps (pumps used for maintaining the flow rate). The Indian pump market is expected to grow at a CAGR of 10% in FY14-17E to ₹ 11300 crore in FY17E.

The Indian pump market can also be segregated on the basis of end usage. The main sectors in which pumps are used include: agriculture (irrigation), building services, waste water/sewage management and industrial uses (power, oil & gas, metals & mining, etc).

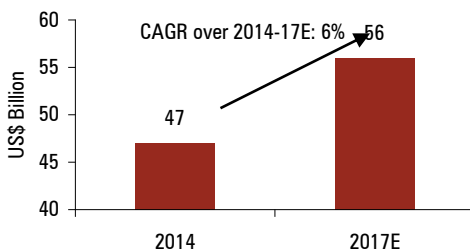
Exhibit 1: Indian pumps market segregation (value)



Source: FICCI, Tata Strategic Management Group, ICICIdirect.com Research

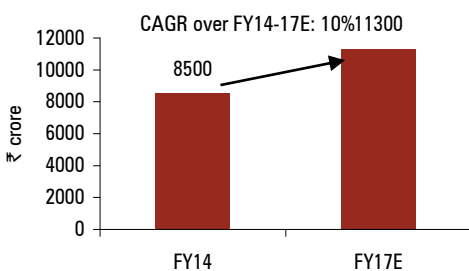
Out of the above, agriculture and building services comprise the major portion (46%) of the market by value i.e. ~₹ 4000 crore. This segment of the pump market is highly fragmented and competitive in nature with a whole lot of small & medium enterprises (SMEs) vying for the market pie. On the other hand, the industrial sector constitutes the remaining 54% of the market, which is pegged at ~₹ 4500 crore. It consists of sectors like water/sewage treatment, power generation, oil & gas and metals & mining. This segment of the pump market is technologically intensive and hard for SMEs to penetrate. Companies like KSB and Kirloskar Brothers are leaders in this segment in the listed space while ITT and Flowserve are key players from the private space.

Global pumps market



Source: Ficci, TSMG, ICICIdirect.com Research

Indian pumps market

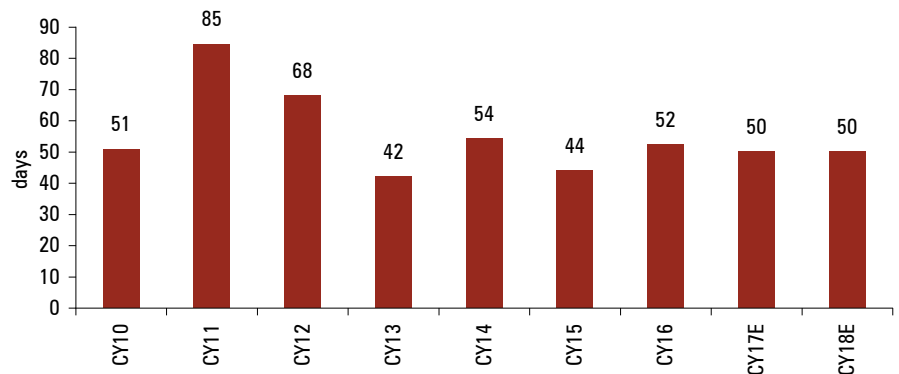


Source: Ficci, TSMG, ICICIdirect.com Research

Working capital discipline: Strong positive

The working capital management of KSB is one of the best in the industry wherein its net working capital days are well below 60 days whereas majority of the industry players have working capital days at ~120 days. In CY16, KSB's net working capital days were comfortable at 52 days.

Exhibit 2: Net working capital days (KSB India)



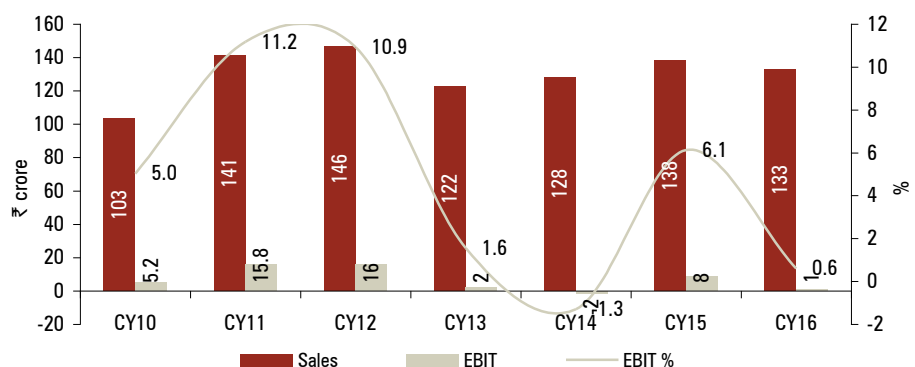
Source: Company, ICICIdirect.com Research

Going forward, we have maintained the net working capital days of KSB at 50 days in CY17E-18E. The working capital is likely to be controlled as it has no exposure to the project/EPC business while the management's focus is on scaling up the product basket.

Valves segment; calibrated approach - chasing profitability not growth

KSB is also one of the leading manufacturers of industrial valves and manufactures a wide range of on/off valves. Sales from the valve segment have largely been flat over CY10-16 at ₹ 133 crore in CY16 (₹ 103 crore in CY08). On the profitability front, its EBIT margins are on a declining trend with EBIT margins declining to negative 1.3% in CY14, a sharp drop from the peak EBIT margins realised in CY11 at 11.2%. Despite being a reliable brand in the valves market, the company's profitability in this segment is subdued due to the enhanced presence of the unorganised segment, thereby resulting in fierce competition.

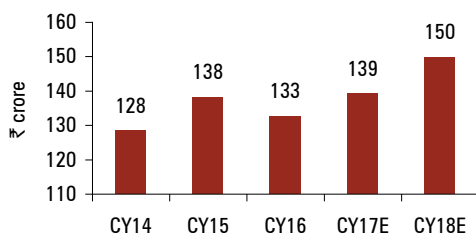
Exhibit 3: Valves segmental revenue, EBIT & EBIT % (Annual)



Source: Company, ICICIdirect.com Research

The profitability in the valves segment during CY16 remained under pressure as EBIT margins were at a meagre 0.6% during the year. However, the smart recovery of this segment in the last quarter of the previous year has continued as EBIT margins for Q1CY17 came in at 3.4%. Going forward, we expect valves sales to grow at a CAGR of 6.2% in CY16-18E to ₹ 150 crore in CY18E (₹ 133 crore in CY16).

Valves segment sales



Source: Company, ICICIdirect.com Research

MIL Controls: Feather in the cap; small but key player

MIL Controls (MIL) is an associate company of KSB (ownership share 49%) and a subsidiary of the parent i.e. KSB AG (ownership share 51%) involved in manufacturing high precision critical industrial control valves in India. These valves find application in thermal & nuclear power plants, exploration & production of oil, gas & oil products (petrochemicals) and chemical industry (process industry), including fertilisers. KSB had made an initial investment worth ₹ 6.3 crore in MIL and is reaping rich returns out of it. MIL's contribution to KSB's consolidated PAT in CY16 came in at ₹ 4.9 crore (78% RoI in CY16). We believe MIL, even though small, will remain key and be a feather in KSB's cap, going forward.

Exhibit 4: Financials- MIL

Particulars	Units	CY09	CY10	CY12	CY13	CY14	CY15
Net Sales	₹ crore	77.1	95.2	137.3	132.6	118.0	117.8
EBITDA	₹ crore	22.8	29.9	36.7	35.5	13.2	6.2
EBITDA Margin	%	29.6	31.4	26.8	26.8	11.1	5.3
PAT	₹ crore	13.8	18.5	22.6	21.0	15.3	10.7
PAT margins (%)	%	17.9	19.4	16.5	15.8	13.0	9.1
Gross Block	₹ crore	26.0	32.2	42.0	66.4	71.3	73.8
Asset Turnover	x	3.0	3.0	3.3	2.0	1.7	1.6
Equity	₹ crore	41.3	50.5	73.0	81.5	89.2	94.4
Debt	₹ crore	0.0	0.0	0.0	0.0	0.0	0.0
ROCE	%	51.6	61.6	44.7	39.6	9.8	1.6
ROE	%	33.3	40.2	31.0	27.1	17.2	11.3

Source: Capitaline, ICICIdirect.com Research

Going forward, we have built in 12.5% CAGR (CY15-18E) in its PAT contribution to the consolidated numbers of KSB. We have built in KSB's share of PAT from MIL at ₹ 5.4 crore & ₹ 6.2 crore in CY17E & CY18E, respectively. PAT in CY16 was at ₹ 4.9 crore.

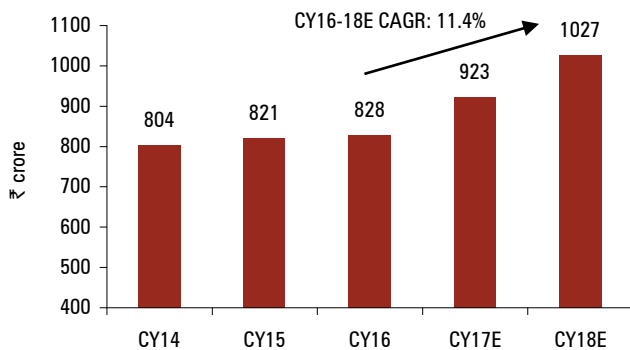
Pump manufacturing facility for super critical power plants, essentially step in right direction!

The company is currently on the brink of commissioning its ambitious capex programme wherein KSB intends to incur a capex of ~₹ 250 crore in phases for setting up of a manufacturing facility to manufacture pumps for super critical power plants. KSB has already incurred a capex amounting to ~₹ 25 crore as land cost for the same and expects to incur another ₹ 50-60 crore as the capex (plant & machinery) for the first phase of the project in CY16-17E. The commencement of the first phase is expected to be in H2CY17E. These products will be manufactured by the company as a part of the "Make in India" initiative under a technology transfer and license agreement with KSB AG, Germany.

Consolidated revenues to grow at 11.4% CAGR in CY16-18E

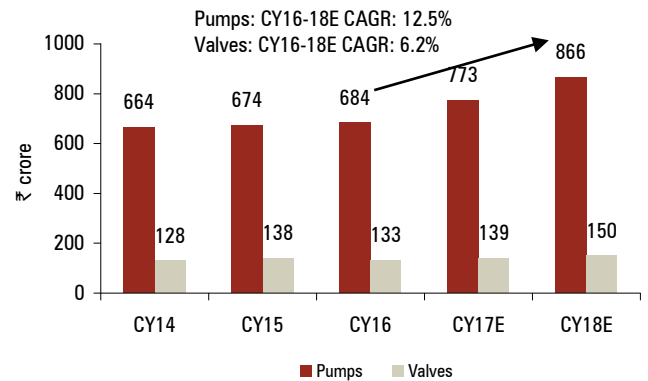
We expect KSB to clock modest revenue growth of 11.4% CAGR in CY16-18E to ₹ 1027 crore in CY18E (₹ 828 crore in CY16). In the pumps segment, revenues are expected to grow a CAGR of 12.5% in CY16-18E to ₹ 866 crore in CY18E (₹ 684 crore in CY16), primarily on the back of a revival in industrial activity and increase in irrigation penetration domestically. In the valves segment, sales are expected to grow at a CAGR of 6.2% in CY16-18E to ₹ 150 crore in CY18E (₹ 133 crore in CY16).

Exhibit 5: Consolidated revenue trend



Source: Company, ICICIdirect.com Research

Exhibit 6: Revenue bifurcation (pumps vs. valves)

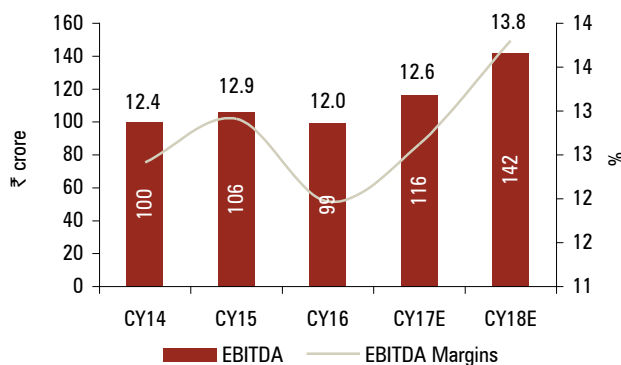


Source: Company, ICICIdirect.com Research

Consolidated EBITDA, PAT to grow at 19.6%, 19.4% CAGR in CY16-18E

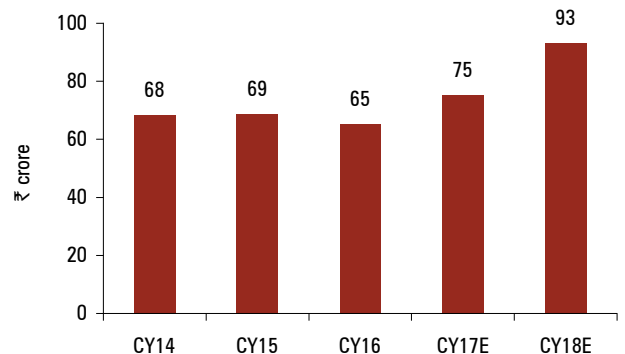
We expect consolidated EBITDA to grow at 19.6% CAGR in CY16-18E to ₹ 142 crore in CY18E, primarily on the back of an improvement in EBITDA margins amounting to 180 bps over CY16-18E. EBITDA margins are expected to improve from 12.0% in CY16 to 13.8% in CY18E. EBITDA margins are expected to improve on the back of revival of domestic pumps demand with consequent benefits of operating leverage kicking in for KSB. We expect PAT to grow at 19.4% CAGR in CY16-18E to ₹ 93 crore in CY18E.

Exhibit 7: EBITDA & EBITDA margins (%) trend



Source: Company, ICICIdirect.com Research

Exhibit 8: PAT trend



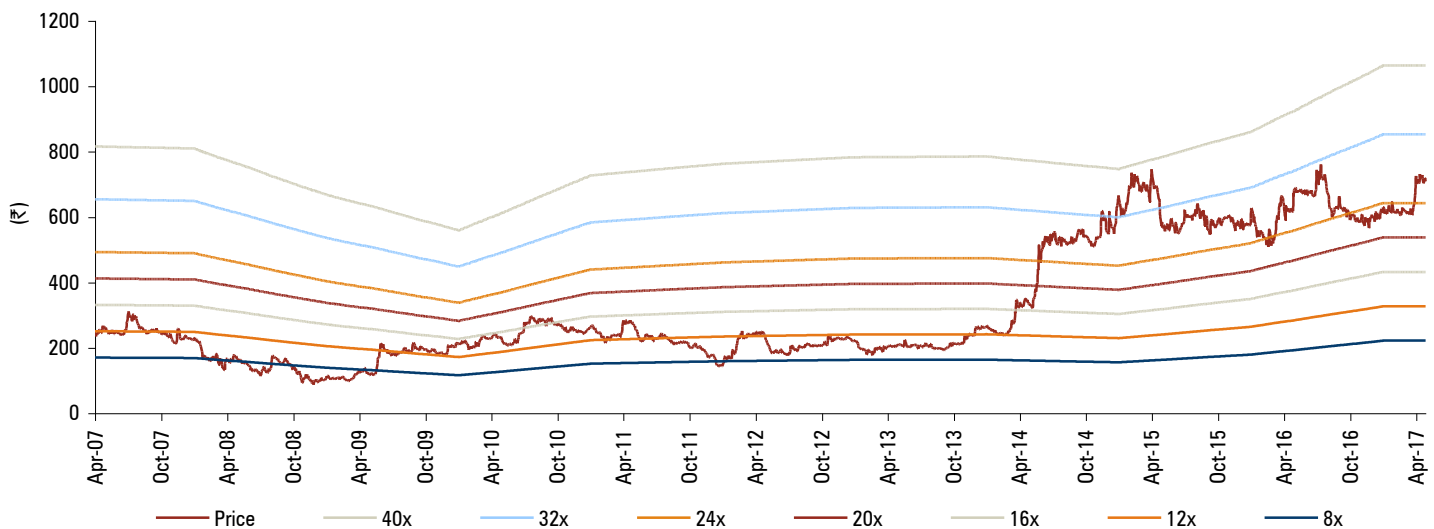
Source: Company, ICICIdirect.com Research

Outlook and valuation

KSB is among the industry leaders in the pumps segment domestically with a strong presence in the industrial (power segment) and agricultural segments. The company has no exposure to the project/EPC business in India with strong focus on product business, which will always keep its working capital cycle under control. The company realises 65% of its pumps segment revenues from the technology intensive industrial pumps segment wherein it enjoys leadership and, consequent, higher EBITDA margins.

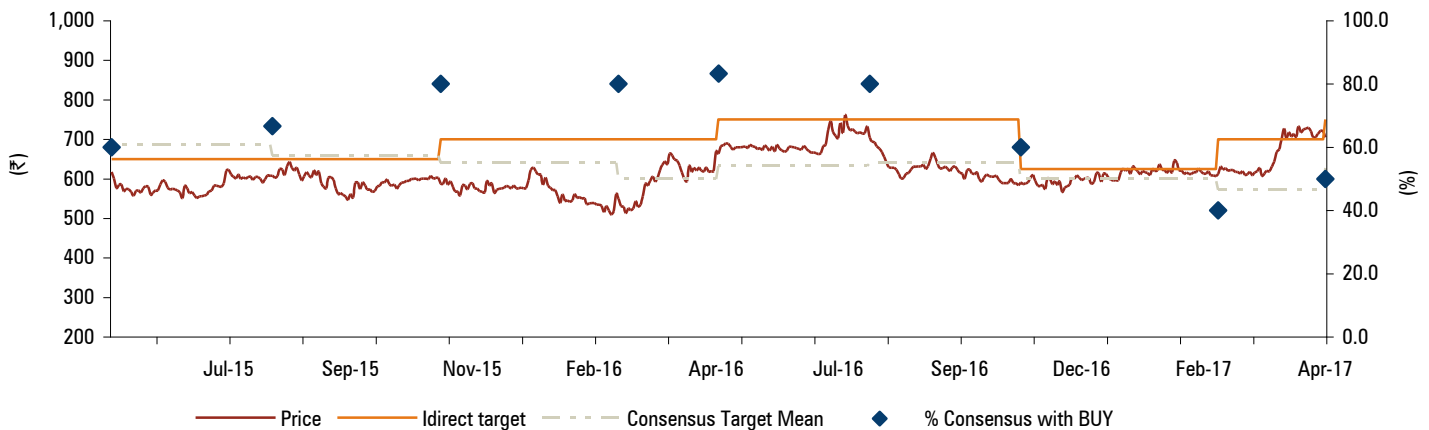
KSB has a healthy balance sheet with surplus cash of ₹ 200 crore (CY16). Being present only in the product business (not EPC) it witnessed efficient working capital cycle of ~50 days. It also realises healthy core RoICs of ~20%. On a consolidated basis, we have modelled sales, PAT CAGR of 11.6%, 19.4%, respectively, in CY16-18E. With high skilled technology backing from the parent group i.e. KSB AG and company executing a new capex programme, we believe KSB India is aptly placed to seize demand revival in the domestic capital goods space. We value KSB at 30x P/E on CY18E EPS of ₹ 26.7 and assign a target price of ₹ 800 with **BUY** rating.

Exhibit 9: Two year forward P/E (KSB currently trading at 26.6x)



Source: Reuters, ICICIdirect.com Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research; *IDirect Coverage on KSB Pumps was initiated on Jan 2015

Key events

Date/Year	Event
2008	The company partly executed a large order of Bharat Oman Refinery, whose order was worth ₹ 27 crore. The company also bagged a prestigious order of ₹ 32 crore from Coastal Gujarat Power. For 2007-08, the company had planned capex of ₹ 150 crore, which was spread over three years. However, due to the economic slowdown, the capex programme was put on hold
2009	Faced severe competition in valves segment domestically on account of aggressive marketing of products by its competitor and the largest domestic valve manufacturer i.e. AUDCO (a JV of L&T). During CY09, the management had also revamped and modernised its steel foundry at the cost of ₹ 22 crore. It has increased the capacity to 1200 metric tonne per annum
2010	KSB has received order from Nuclear Power Corporation of India (NPCIL) for manufacture of nuclear pumps, which will be delivered during CY12
2011	The management earmarks a capex of around ₹ 90-100 crore for KSB Pumps India for CY11. The capex is for brownfield expansions largely in the pump segment, which will result in an increase in capacity both for existing line of products as well as newer products
2012	The company guides for a capex spend of ~₹ 30 crore in CY12. On the valves business, the company has completed its entire restructuring process and the management expects to realise benefits of cost rationalisation and product differentiation, going forward.
2013	The company's performance a bit subdued in CY13 on account of a delay in order execution.
2014	The company completely executes the order received from NPCIL for nuclear pumps. KSB plans to take a calibrated approach in its valves segment with focus on improving profitability rather than chasing growth
2015	The company embarks upon the new capacity expansion programme wherein it intends to set up a pump facility to manufacture pumps for super critical power plants at a capex of ₹ 250 crore. The company intends to implement the planned expansion in phased manner over the next five years

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Position Change (m)
1	KSB AG, Group.	31-Dec-16	40.5	14.1	0.0
2	Industrial and Prudential Investment Co Ltd	31-Dec-16	20.5	7.1	0.0
3	Reliance Nippon Life Asset Management L	31-Dec-16	7.2	2.5	0.1
4	Paharpur Cooling Towers, Ltd.	31-Dec-16	4.2	1.5	0.0
5	Thyssenkrupp AG	31-Dec-16	3.1	1.1	0.0
6	Bajaj Allianz Life Insurance Company Limit	31-Dec-16	2.8	1.0	0.0
7	PineBridge Investments Asia Limited	30-Jun-16	2.7	1.0	1.0
8	PineBridge Investments Asset Manageme	31-Dec-16	2.7	1.0	0.8
9	DSP BlackRock Investment Managers Pvt.	31-Dec-16	1.8	0.6	0.0
10	Sundaram Asset Management Company L	28-Feb-17	1.7	0.6	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	66.4	66.4	66.4	66.4	66.4
FII	3.2	3.3	3.3	3.5	3.8
DII	15.3	15.0	14.8	15.0	14.7
Others	15.1	15.3	15.5	15.2	15.1

Recent Activity

Buys			Sells		
Investor Name	Value(US\$ Million)	Shares (m)	Investor Name	Value(US\$ Million)	Shares (m)
PineBridge Investments Asset Mgmt Co.	7.81	0.84	Tata Asset Management Limited	-0.54	-0.05
Reliance Nippon Life Asset Mgmt Ltd	0.77	0.08	UTI Asset Management Co. Ltd.	-0.09	-0.01
Bajaj Allianz Life Insurance Company Ltd	0.36	0.04	Dimensional Fund Advisors, L.P.	-0.01	0.00
Goldman Sachs Asset Mgmt (India) Pvt Ltd.	0.00	0.00			

Source: Reuters, ICICIdirect.com Research

Financial summary (Consolidated)

Profit and loss statement		₹ Crore			
(Year-end March)	CY15	CY16	CY17E	CY18E	
Net Sales	820.7	817.6	915.5	1018.7	
Other Operating Income	0.0	10.3	7.4	8.2	
Total Operating Income	820.7	827.9	922.9	1026.9	
Growth (%)	2.1	0.9	11.5	11.3	
Raw Material Expenses	388.7	387.2	428.7	481.2	
Employee Expenses	124.9	144.9	155.7	168.5	
Other Operating Expense	201.2	196.8	222.0	235.5	
Total Operating Expenditure	714.8	728.8	806.4	885.2	
EBITDA	106.0	99.1	116.5	141.7	
Growth (%)	6.2	-6.5	17.6	21.7	
Depreciation	27.8	29.4	33.0	37.0	
Interest	1.7	1.7	3.0	0.8	
Other Income	24.1	24.0	23.8	24.7	
PBT	100.5	92.0	104.2	128.6	
Exceptional Item	0.0	0.0	0.0	0.0	
Total Tax	36.4	31.6	34.4	41.8	
PAT	64.1	60.4	69.8	86.8	
Profit from Associates	4.6	4.9	5.4	6.2	
Reported Net Profit	68.7	65.3	75.3	93.0	
Growth (%)	3.6	-5.8	15.7	24.3	
EPS (₹)	19.7	18.8	21.6	26.7	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	CY15	CY16	CY17E	CY18E	
Profit after Tax	68.7	65.3	75.3	93.0	
Add: Depreciation	27.8	29.4	33.0	37.0	
(Inc)/dec in Current Assets	24.4	-56.1	-11.0	-54.2	
Inc/(dec) in CL and Provisions	14.0	15.8	30.0	36.7	
Others	1.7	1.7	3.0	0.8	
CF from operating activities	136.6	56.1	130.2	113.3	
(Inc)/dec in Investments	-1.5	-2.7	-2.4	-3.2	
(Inc)/dec in Fixed Assets	-35.2	-56.4	-70.0	-70.0	
Others	-2.4	-2.4	0.0	0.0	
CF from investing activities	-39.1	-61.5	-72.4	-73.2	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-23.1	3.9	0.0	0.0	
Dividend paid & dividend tax	-23.1	-23.0	-27.2	-29.2	
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0	
Others	-1.6	-1.7	-3.0	-0.8	
CF from financing activities	-47.8	-20.8	-30.2	-30.0	
Net Cash flow	49.7	-26.2	27.6	10.1	
Opening Cash	178.8	228.4	202.1	229.8	
Closing Cash	228.4	202.1	229.8	239.8	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	CY15	CY16	CY17E	CY18E	
Liabilities					
Equity Capital	34.8	34.8	34.8	34.8	
Reserve and Surplus	568.0	610.3	658.4	722.2	
Total Shareholders funds	602.8	645.1	693.2	757.0	
Total Debt	1.3	5.2	5.2	5.2	
Deferred Tax Liability	0.0	0.0	0.0	0.0	
Minority Interest / Others	7.0	7.5	7.5	7.5	
Total Liabilities	611.1	657.8	705.9	769.7	
Assets					
Gross Block	446.2	462.6	572.6	602.6	
Less: Acc Depreciation	252.1	281.5	314.5	351.5	
Net Block	194.1	181.1	258.1	251.1	
Capital WIP	14.0	54.0	14.0	54.0	
Total Fixed Assets	208.1	235.1	272.1	305.1	
Liquid Investments	0.0	0.0	0.0	0.0	
Other Investments	51.4	54.1	56.5	59.8	
Goodwill on Consolidation	0.0	0.0	0.0	0.0	
Inventory	182.6	211.9	225.7	251.2	
Debtors	178.4	180.1	200.7	223.3	
Loans and Advances	84.7	109.1	86.1	91.7	
Other Current Assets	4.2	4.9	4.6	5.1	
Cash	228.4	202.1	229.8	239.8	
Total Current Assets	678.3	708.1	746.8	811.1	
Creditors	262.1	275.0	301.0	334.9	
Provisions	77.4	80.3	84.3	87.1	
Current Liabilities & Prov	339.5	355.3	385.3	422.0	
Net Current Assets	338.8	352.9	361.5	389.1	
Others Assets	12.8	15.7	15.7	15.7	
Application of Funds	611.1	657.8	705.9	769.7	

Source: Company, ICICIdirect.com Research

Key ratios		CY15			
(Year-end March)		CY15	CY16	CY17E	CY18E
Per share data (₹)					
EPS		19.7	18.8	21.6	26.7
Cash EPS		27.7	27.2	31.1	37.4
BV		173.2	185.3	199.1	217.5
DPS		5.5	5.5	6.5	7.0
Cash Per Share (Incl Invst)		65.6	58.1	66.0	68.9
Operating Ratios (%)					
EBITDA Margin		12.9	12.0	12.6	13.8
PBT / Total Op. income		12.2	11.1	11.3	12.5
PAT Margin		8.4	7.9	8.2	9.1
Inventory days		81.2	94.6	90.0	90.0
Debtor days		79.3	80.4	80.0	80.0
Creditor days		116.6	122.7	120.0	120.0
Return Ratios (%)					
RoE		11.4	10.1	10.9	12.3
RoCE		12.8	10.6	11.8	13.6
RoIC		22.0	18.1	18.7	22.8
Valuation Ratios (x)					
P/E		36.0	37.8	32.8	26.6
EV / EBITDA		21.2	23.0	19.3	15.8
EV / Net Sales		2.7	2.8	2.5	2.2
Market Cap / Sales		3.0	3.0	2.7	2.4
Price to Book Value		4.1	3.8	3.6	3.3
Solvency Ratios					
Debt/EBITDA		0.0	0.1	0.0	0.0
Debt / Equity		0.0	0.0	0.0	0.0
Current Ratio		1.3	1.4	1.3	1.4
Quick Ratio		0.8	0.8	0.8	0.8

Source: Company, ICICIdirect.com Research

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